

## 2012 HIGHLIGHTS

The Division of Real Estate Management Services (DRES) manages the Commonwealth's real estate portfolio, assists state agencies with transactional and strategic planning services and helps customers meet their real estate needs. The Commonwealth's real estate portfolio consists of approximately 400,000 acres of land in over 1,200 locations; 12,000 buildings; and 117 million square feet of space. Additionally, Virginia leases approximately 13 million square feet of rental space in 1,500 building locations.

## SAVINGS AND COST AVOIDANCE

- Managing the state's property as a real estate portfolio allows the state to more efficiently allocate space, resulting in million of dollars in savings & cost avoidance. Since the division was formed in 2005, this approach has provided a combined savings and cost avoidance of \$118.9 million.
- Cost for leased space is impacted by the amount (measured in square feet) of space leased. By controlling the amount of leased space allocated to each occupant, 198 square feet per occupant, the Commonwealth can better control the cost.

## OPERATIONAL EFFECTIVENESS

- The Division of Real Estate Services (DRES) has transitioned the Commonwealth's real estate program from regulatory and transaction processing activities to a portfolio management model that takes a comprehensive approach to real estate and transaction management. DRES will continue investigating collocation opportunities across the state and will begin evaluating facility needs through lease vs. build analyses.
- **Space Standards:** For new leased space negotiated in FY12, DRES targeted total square footage needs at 198 sq. ft. per person, excluding special needs space.
- **Lease Administration:** The Division of Real Estate Services is responsible for administering 533 leases with combined annual rental obligations of \$54 million. During calendar year 2012, DRES managed about 300 real estate transactions including purchases of property, sales, leases, transfers, and easements.



- **Integrated Real Estate Management System (IREMS):** It tracks the portfolio of real estate the Commonwealth owns and leases.
  - In IREMS, leases are flagged when they are a possible beneficiary of a cost-savings collocation opportunity.
  - A verification of the IREMS records of title began in the Spring of 2010 and a consolidation of state owned building records into IREMS began in Spring, 2011.
  - Both projects will be complete by January 2012, resulting in a full and complete inventory of state owned and leased facilities within one database. Data for owned property (records of title) and for buildings will be updated and methodologies are being implemented to maintain current data on an ongoing basis. The data from the previous system, which was out of date, was transferred and additional information is continuously being loaded into the system.
  - With training and security log-on identities provided by DRES, agencies use IREMS to review transaction documents and to report on their occupancy and real estate holdings.
- **Policies and Procedures:** DRES has updated real estate related policies. To support transition to the centralized real estate model, separate documents must be prepared to address user needs as well as internal processes and procedures. This more clearly defines the roles played by the agency and DRES personnel, while improving communication with agencies.

## CUSTOMER-FOCUSED SERVICE

- DRES assists state agencies and institutions with determining their facility space needs, conducting facility negotiations, lease/sale/acquisition document preparation, coordinating components of occupying a facility, and lease administration.
- The Division of Real Estate Services strives to provide direction and assistance to agencies on real estate matters by assigning agency transaction managers to work closely with customer-agency's real estate representatives. A collaborative effort is the result and agency-specific real estate strategic plans can be developed.
- **Surplus Real Estate:** Since the surplus real estate initiative began in 2005, DGS has sold or currently has under contract to sell over \$61 million in surplus real estate.
- A listing of surplus real estate is posted on DRES' website and a link to the webpage has been established from the Commonwealth's website.

## FACILITY FORECASTING

- The Division of Real Estate Services (DRES) works with agencies to maintain a current facility strategic plan assessing current and future facility needs. These plans provide DRES with more information about agencies' needs and assist in identifying potential collocation opportunities.

## NOTABLE COLOCATION AND BUILDING PURCHASES

Since 2008, DGS has purchased three buildings for state use in an effort to provide adequate office space for state agencies and decrease the amount the Commonwealth spends on leased space. These properties are part of the Commonwealth's real estate development efforts.

- The fully furnished \$6.5 million building located at 400 East Cary Street was purchased by the Department of General Services in 2008 and became the new location for the City of Richmond's Health Department.
- Main Street Centre, located at 600 East Main Street was also purchased in 2008. It has over 424,000 square feet and includes 329 parking spaces. State agencies have relocated from leased space to this building. This trend is continuing. Locating state agencies in state owned



facilities is a cost effective real estate strategy that will reduce agencies' operating costs. The parcel next door to this building provided the opportunity to construct a new parking deck, which was completed in 2011. There are twelve levels of parking that can accommodate 1,006 vehicles.

- A third building, Westmoreland Plaza, was purchased in 2010. The building contains 121,815 gross square feet and is situated on 13 acres. This building will house the Department of Taxation.

**Richard F. Sliwoski, P.E., Director**  
**Joseph F. Damico, Deputy Director**

**Holly Law Eve**  
**Director**  
**Division of Real Estate Services**  
**Holly.Eve@DGS.Virginia.Gov**  
**804-371-4327**

**[www.DGS.virginia.gov](http://www.DGS.virginia.gov)**